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**Testimony before the
Subcommittee on Trade
House Committee on Ways and Means**

Hearing on the Pending Trade Agreement with Panama

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Mr. Chairman and Members of the Subcommittee:

As the President and Chief Executive Officer of the Port of New Orleans, I appreciate the opportunity you have provided me today to highlight the trade, economic and other benefits that our country would realize through implementation of the pending United States-Panama Trade Promotion Agreement (U.S.-Panama Agreement).

Mr. Chairman, the Port of New Orleans firmly and publicly supports the U.S.-Panama Agreement to enhance trade and investment activities with Panama. Panama has been a long-standing, strategic partner of the United States, and as a strong ally of our country, the U.S.-Panama Agreement will further strengthen our economic relationship with an important regional partner and protect our critical strategic interests associated with the Panama Canal.

Through its direct facilitation of trade and commerce, the Port of New Orleans is one of the primary economic engines for the Gulf Coast, and serves as a key gateway at the mouth of the Mississippi River system for international and domestic trade. About 380,000 jobs in the United States depend on the cargo that is handled by the Port of New Orleans. Some \$37 billion in national economic output is derived from the transportation and manufacturing of goods that flow through the Port. As a container and general cargo port, the Port of New Orleans serves approximately 30 states in the American Midwest through the 14,500-mile inland waterway system, and is a port hub for six Class One railroads and the interstate highway system. As a result, the Port is one of America's most intermodal ports – in addition to excellent rail access, the Port is served by approximately 50 ocean carriers, 16 barge lines, and 75 trucking lines. Within the past 10 years, the Port has invested more than \$400 million in new state-of-the-art wharves, terminals, expanded marshalling yards, multi-purpose cranes, and transportation infrastructure. Needless to say, because of its geographic location and modern facilities, the Port of New Orleans is well-positioned to provide key access for American exports to the global market.

Mr. Chairman, the continuing development of that American export market would be enhanced through the implementation of the U.S.-Panama Agreement. International agreements that help facilitate trade are of significant benefit to our Nation's ports. Generally, according to the American Association of Port Authorities, U.S. ports are responsible for moving 99 percent of America's overseas cargo, and more than 13 million Americans are working in port-related

jobs. The completion of the pending agreement with Panama will increase the export and import cargo moving through these ports and improve employment opportunities and security for port industry workers. Job creation will not be limited to the maritime industry, as the Colombia, South Korea and Panama trade agreement implementation is expected collectively to create more than 200,000 new jobs in numerous fields.

With respect to Panama, American ports play an integral trade role which could be expanded even more under the pending U.S.-Panama Agreement. The United States is the dominant trading partner of Panama. In 2009, total United States exports to Panama were valued at \$4.3 billion, and almost 30 percent of Panama's imports came from the United States. As exports increase from the U.S. to Panama, the Port of New Orleans and other U.S. ports will be called upon to help meet the increased transportation demands.

A review of the agricultural product trade provides some insight as to how the U.S.-Panama Agreement would contribute to domestic economic growth. For example, the U.S. Farm Bureau estimates that U.S. agricultural exports alone could increase by more than \$195 million with the implementation of the Panama pact. Of such exports, the U. S. International Trade Commission has predicted that the largest growth will accrue in U.S. exports of rice to Panama, which are expected to increase by approximately 145 percent. The Port of New Orleans and several other ports in southeastern Louisiana are the primary export points for our Nation's agricultural products. Rice also happens to be one of Louisiana's top agricultural exports. Therefore, there is no doubt that increased agricultural exports from the implementation of the U.S.-Panama Agreement would have a beneficial economic impact on the Port of New Orleans.

Other U.S. export gains could be expected in the oil, machinery, vehicles, medical equipment and other key product areas that already contribute to a robust trade with Panama. In fact, estimates show that when the U.S.-Panama Agreement is fully implemented, U.S. exports to Panama of passenger vehicles would increase by 43 percent, while U.S. exports of beef and pork would increase by 94 percent and 96 percent respectively.

Significantly, when discussions concern Panama, they must necessarily address the impact of the expansion of the Panama Canal on international trade. More than 60 percent of the current vessel traffic passing through the Panama Canal originates from or is enroute to ports on the Gulf and East Coasts of the United States. With the expected completion of the Panama Canal expansion project in 2014, the Port of New Orleans has undertaken a number of specific measures to handle increased commercial vessel traffic. In particular, the Port is working on a \$250 million project to expand the size and capabilities of its primary container terminal on the Mississippi River, the Napoleon Avenue Container Terminal. The first stage of that project is underway and includes the installation of two new container gantry cranes and the addition of five acres of marshalling area, both scheduled for completion in September. Altogether, the Port has invested approximately \$108 million in construction projects to be started or completed during this fiscal year, including the container yard improvements, a new dockside refrigerated warehouse and terminal, the complete refurbishment of the Julia Street Cruise Terminal, improvements to the Port's breakbulk facilities, and the construction of a new modern dredge. Furthermore, the Port, in collaboration with river ports, oceangoing and inland waterway vessel operators, manufacturers, agricultural interests, and other groups, has been working strenuously to ensure that project dimensions of the Lower Mississippi River navigation channel are properly

maintained by the Army Corps of Engineers to meet the commercial vessel transport needs for United States exports. This Lower Mississippi River navigation channel maintenance will be even more vital when the Panama Canal enhancement project is completed in order to ensure access for larger commercial vessels to the Port of New Orleans and its distribution network.

And Mr. Chairman, there are two trust funds that are important to our marine transportation system and relevant to our discussions concerning the U.S.-Panama Agreement. In order to ensure that the United States is fully prepared to handle the increased flow of trade that the U.S.-Panama Agreement and the widening of the Panama Canal will generate, we must also invest in our inland waterways infrastructure that is vital to the efficient delivery of cargo throughout the United States. Improvements to the process of funding for the Inland Waterways Trust Fund (IWTF) and the expenditure of funds from the IWTF on critically important locks and dams must be made to fully realize the benefits of the higher volumes of trade that will be moving through our river system.

Relevant to the competitiveness of United States exports in international trade, it is critically important that our Nation's ports are able to adequately handle the deep draft commercial vessels that are the principal "vehicles" for the facilitation of international commercial trade. To that end, the House Ways & Means Committee previously worked to establish the Harbor Maintenance Trust Fund (HMTF) in 1986 to provide funding for the maintenance and operation of our Nation's ports and harbors. However, since that time, almost \$6 billion has accrued in the HMTF account and has not been otherwise used for its intended trade facilitation purposes. The Port of New Orleans and other port and maritime interests from around the country look forward to working with you and your colleagues in the effort to increase the use of HMTF funding to facilitate international trading activities.

Mr. Chairman, the U.S.-Panama Agreement represents an opportunity to increase the exports on which America's ports rely. The Port of New Orleans supports the immediate implementation of this important trade agreement in order to enhance our Nation's business and economic activities, and to further strengthen our relationships with Panama, our vital strategic partner in Latin America.

Mr. Chairman, thank you for allowing me to appear before you today, and I look forward to any questions that you or the Subcommittee members may have.